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# France

## Tobacco and Products

### Annual

### 2001

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#### Report Highlights:

**In 2000, French production of unmanufactured tobacco declined by 3 percent from 1999 to 25,022 MT, mainly due to reduced dark air and sun cured tobacco production. France is a net importer of both raw tobacco and cigarettes. In 2000, France's leading suppliers of raw tobacco were Brazil and Argentina, and the United States ranked third among leading suppliers. U.S. sales to France accounted for 8 percent of total French imports of raw tobacco. The Netherlands was France's leading supplier of cigarettes in 2000, with 72 percent of the market, due principally to exports of Philip Morris products manufactured in plants located in the Netherlands and exported to France. Philip Morris is the leading brand on the French market for cigarettes, with 37.6 percent in 2000, ahead of the French ALTADIS, 30.7 percent.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
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## Executive Summary

In 2000, French production of unmanufactured tobacco declined by 3 percent from 1999 to 25,022 MT, mainly due to reduced dark air and sun cured tobacco production. At the same time, French tobacco manufacturer ALTADIS (which resulted from the merger of the French SEITA and the Spanish TABACCALERA) reduced its cigarette production by almost 10 percent to 82.51 billion pieces. ALTADIS purchased 34 percent of domestically-grown tobacco in 2000. These declines resulted from reduced France consumption of tobacco products. In 2000, French consumption of total tobacco products amounted to 91,700 MT and French cigarette consumption totaled 82.5 billion pieces, down from 103,500 MT and 97.1 billion pieces in 1991, respectively. France remained a net importer of tobacco in 2000, with Brazil and Argentina as leading suppliers of unmanufactured tobacco products and the Netherlands as France's leading supplier of cigarettes. The United States ranked third among France's leading raw tobacco supplier, including mainly flue-cured and light air-cured tobacco.

## Section I: Situation and Outlook

### Production

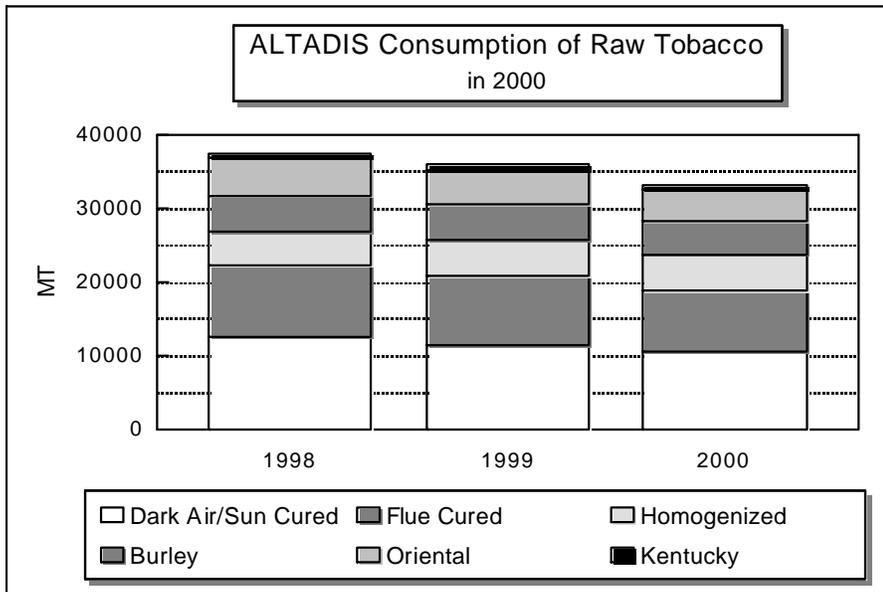
French unmanufactured tobacco production declined by 3 percent from 1999 to 2000, due mainly to reduced dark air and sun cured tobacco production. In 2001, the same trend is expected to continue.

ALTADIS is the French/Spanish tobacco processing group resulting from the merger in 1999 of the French SEITA and the Spanish TABACCALERA. ALTADIS reduced its cigarette production by almost 10 percent from 1999 to 2000. At the same time, the share of filter-tipped cigarettes out of the total production increased from 80 percent to 82 percent.

### Consumption

#### ALTADIS consumption of Raw Tobacco

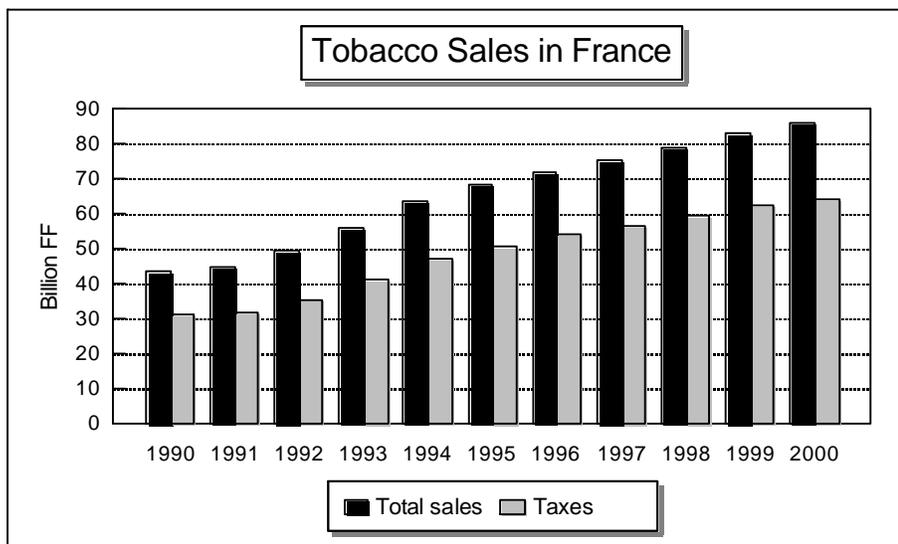
The following graph shows the fluctuations of ALTADIS' purchases of raw tobacco over the past three years. They declined by 6 percent from 38,302 MT in 1998 to 35,823 in 1999, and further declined by almost 8 percent to 33,073 MT in 2000. This decrease resulted mainly from reduced purchases by ALTADIS of dark tobacco and flue-cured tobacco.



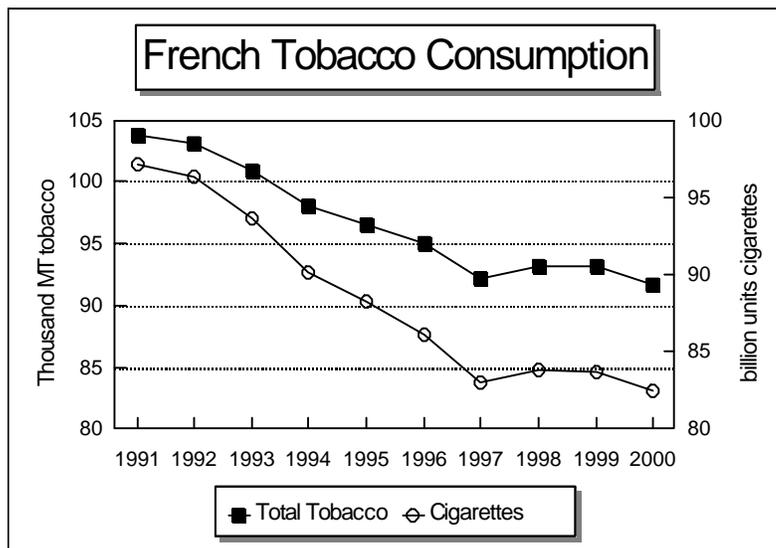
In 2000, ALTADIS purchased 80 percent of domestically-grown dark air and sun cured tobacco, 12 percent of domestically-grown flue-cured tobacco, and 17 percent domestically-grown Burley. ALTADIS purchases of total tobacco accounted for 34 percent of total domestically-grown tobacco. Over the past years, the overall trend was for a decline in ALTADIS purchases of domestically-grown tobacco, due mainly to declining purchases of dark air and sun cured tobacco.

### Consumption of manufactured tobacco products

The value of French tobacco sales has increased significantly in recent years, as illustrated in the graph below. This was due to the increase in tobacco retail prices, which offset the decline in the quantity of tobacco sold on the French market. Total sales of manufactured tobacco products continued to increase in 2000: they were up three percent from 1999 to FF 85.89 billion (USD 12 billion). The bulk of the French market for tobacco products was cigarette sales (92 percent), followed by smoking/cut tobacco (4 percent) and cigars (3 percent).



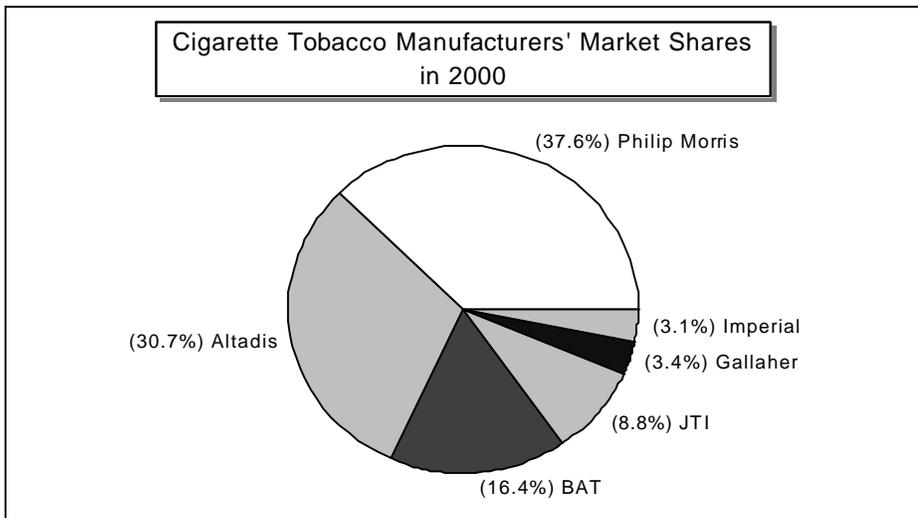
The French Government’s revenue generated by taxes on tobacco amounted to FF 64.4 billion (USD 9 billion) in 2000, a 3 percent increase from 1999. The GOF is the leading beneficiary of tobacco sales in France, as more than 70 percent of the retail price of tobacco products is taxes. For example, a pack of 20 blond cigarettes "Gauloises" produced by ALTADIS was sold at FF 19 (USD 2.57) in January 2001, including 76.6 percent taxes, 15.4 percent manufacturer’s share and 8 percent retailer’s share.



The opposite graph illustrates the decline in French tobacco and cigarette consumption over the past ten years, due mainly to health concern and increasing retail prices. In 2000, French consumption of total tobacco products amounted to 91,700 MT and French cigarette consumption totaled 82.5 billion pieces.

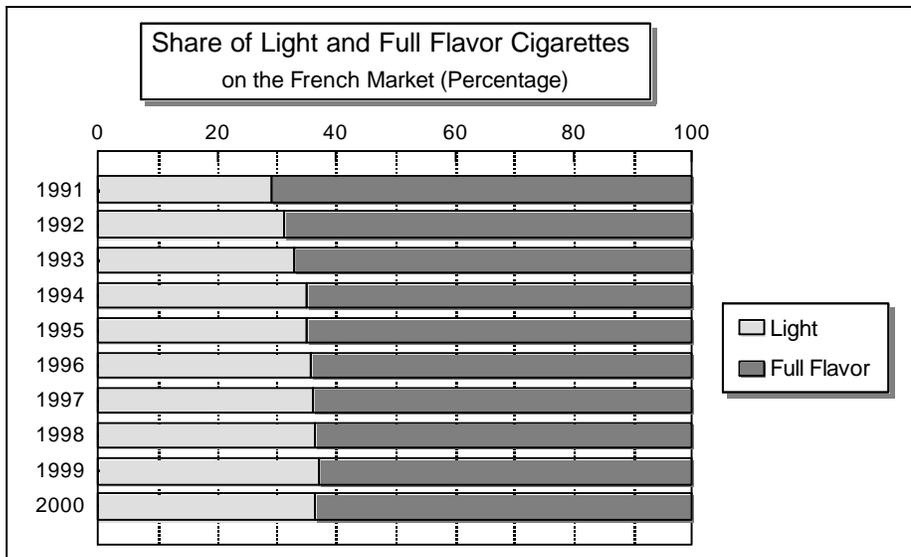
Similarly, French per capita consumption of cigarettes amounted to 1,375 units in 2000, down from 1,697 units in 1991.

The distribution of tobacco manufacturer’s market shares for cigarettes was the following in 2000:



This graph clearly shows that Philip Morris and ALTADIS are the leaders on the French market. Philip Morris’ market share increased by 1.7 percent from 1999 to 2000, while Altadis’ market share declined by 1.7 percent.

In 2000, the long-term substitution of dark for blond cigarette continued, and dark cigarettes represented 17.5 percent of the market, while blond cigarettes accounted for 82.5 percent. By contrast to previous years’ trend, the market share of full flavor cigarettes declined from 37.3 percent in 1999 to 36.5 percent in 2000.



## Trade

France is a net importer of unmanufactured tobacco. Brazil and Argentina were France's leading suppliers of raw tobacco in 2000, and the United States ranked third. The following table shows the distribution of French imports and exports of raw tobacco to and from the United States in 1999 and 2000 (in MT):

			IMPORTS		EXPORTS	
			1999	2000	1999	2000
Flue-Cured		Total	8,767	10,820	7,966	8,172
		U.S.	953	1,091	407	460
Light-Air-Cured	Burley	Total	1,269	1,506	4,427	4,957
		U.S.	121	446	0	0
	Other	Total	2,933	2,842	51	245
		U.S.	714	514	0	0
Dark Air/Sun Cured		Total	10,107	10,978	1,950	1,795
		U.S.	0	0	356	0
Fire-Cured		Total	1,927	1,828	267	2,026
		U.S.	268	193	0	0
Other Tobacco		Total	355	187	997	1,540
		U.S.	0	0	820	836
GRAND TOTAL		Total	25,352	28,161	15,658	18,735
		U.S.	2,056	2,244	1,583	1,296

Source: French Customs

France is also a net importer of cigarettes. The Netherlands is France's leading supplier of cigarettes, which mostly come from Philip Morris plants in Holland.

## Section II: Statistical Tables

### 1. PS&D Tables

PSD Table						
Country	France					
Commodity	Tobacco, Unmfg., Total				(HA)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	9454	9454	9200	9254	0	9100
Beginning Stocks	47483	47483	43697	43697	43274	41569
Farm Sales Weight Prod	25869	25869	25700	25022	0	24660
Dry Weight Production	22343	22343	22197	21519	0	21210
U.S. Leaf Imports	2056	2056	2000	2244	0	2200
Other Foreign Imports	23296	23296	23000	25917	0	25000
TOTAL Imports	25352	25352	25000	28161	0	27200
TOTAL SUPPLY	95178	95178	90894	93377	43274	89979
Exports	15658	15658	13000	18735	0	17000
Dom. Leaf Consumption	8896	8896	8000	8175	0	8000
U.S. Leaf Dom. Consum.	1630	1630	1620	1438	0	1500
Other Foreign Consump.	25297	25297	25000	23460	0	23000
TOTAL Dom. Consumption	35823	35823	34620	33073	0	32500
TOTAL Disappearance	51481	51481	47620	51808	0	49500
Ending Stocks	43697	43697	43274	41569	0	40479
TOTAL DISTRIBUTION	95178	95178	90894	93377	0	89979

PSD Table						
Country	France					
Commodity	Unmfg., Dark Air & Sun Cured				(HA)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	2756	2756	2500	2517	0	2400
Beginning Stocks	50225	50225	53850	53850	56312	58766
Farm Sales Weight Prod	8444	8444	7880	7473	0	7150
Dry Weight Production	6924	6924	6462	6128	0	5860
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	10107	10107	9000	10978	0	10400
TOTAL Imports	10107	10107	9000	10978	0	10400
TOTAL SUPPLY	67256	67256	69312	70956	56312	75026
Exports	1950	1950	2000	1795	0	1900
Dom. Leaf Consumption	3373	3373	3000	2750	0	2900
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	8083	8083	8000	7645	0	7800
TOTAL Dom. Consumption	11456	11456	11000	10395	0	10700
TOTAL Disappearance	13406	13406	13000	12190	0	12600
Ending Stocks	53850	53850	56312	58766	0	62426
TOTAL DISTRIBUTION	67256	67256	69312	70956	0	75026

PSD Table						
Country	France					
Commodity	Tobacco, Unmfg., Flue Cured				(HA)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	3788	3788	3900	3755	0	3750
Beginning Stocks	17910	17910	17977	17977	17967	20719
Farm Sales Weight Prod	9900	9900	10330	9769	0	9770
Dry Weight Production	8710	8710	9090	8597	0	8500
U.S. Leaf Imports	953	953	900	1091	0	1000
Other Foreign Imports	7814	7814	7500	9729	0	9000
TOTAL Imports	8767	8767	8400	10820	0	10000
TOTAL SUPPLY	35387	35387	35467	37394	17967	39219
Exports	7966	7966	8000	8172	0	8000
Dom. Leaf Consumption	498	498	500	356	0	400
U.S. Leaf Dom. Consum.	855	855	900	629	0	700
Other Foreign Consump.	8091	8091	8100	7518	0	8000
TOTAL Dom. Consumption	9444	9444	9500	8503	0	9100
TOTAL Disappearance	17410	17410	17500	16675	0	17100
Ending Stocks	17977	17977	17967	20719	0	22119
TOTAL DISTRIBUTION	35387	35387	35467	37394	0	39219

PSD Table						
Country	France					
Commodity	Tobacco, Mfg., Cigarettes				(MIL PCS)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Filter Production	33755	33755	32800	31358	0	31000
Non-Filter Production	8651	8651	8300	6884	0	6000
TOTAL Production	42406	42406	41100	38242	0	37000
Imports	61974	61974	63250	67571	0	68000
TOTAL SUPPLY	104380	104380	104350	105813	0	105000
Exports	20705	20705	20900	23300	0	24000
Domestic Consumption	83675	83675	83450	82513	0	81000
TOTAL DISTRIBUTION	104380	104380	104350	105813	0	105000

## 2. Trade Matrices

Export Trade Matrix			
Country	France		
Commodity	Tobacco, Unmfg., Total		
Time period	Jan-Dec	Units:	MT
Exports for:	1999		2000
U.S.	1583	U.S.	1296
Others		Others	
Germany	4359	Germany	5078
Netherlands	2570	Netherlands	2085
Belgium	2296	Belgium	2068
Poland	1263	Ivory Coast	1762
UK	625	Spain	1493
		Poland	1452
		UK	826
Total for Others	11113		14764
Others not Listed	2962		2675
Grand Total	15658		18735

Import Trade Matrix			
Country	France		
Commodity	Tobacco, Unmfg., Total		
Time period	Jan-Dec	Units:	MT
Imports for:	1999		2000
U.S.	2056	U.S.	2244
Others		Others	
Brazil	3401	Brazil	4790
Argentina	2759	Argentina	3270
Turkey	2016	Turkey	1974
Zimbabwe	1900	Zimbabwe	1746
Italy	1651	Paraguay	1612
Greece	1589	Indonesia	1449
Indonesia	1272	Malawi	1371
Malawi	1188	India	1087
Paraguay	873	Italy	1006
China	843	China	929
Total for Others	17492		19234
Others not Listed	5804		6683
Grand Total	25352		28161

Export Trade Matrix			
Country	France		
Commodity	Unmfg., Dark Air & Sun Cured		
Time period	Jan-Dec	Units:	MT
Exports for:	1999		2000
U.S.	356	U.S.	0
Others		Others	
Belgium	732	Belgium	617
Poland	248	Poland	317
Germany	235	Netherlands	295
Netherlands	223	Germany	143
Total for Others	1438		1372
Others not Listed	156		423
Grand Total	1950		1795

Import Trade Matrix			
Country	France		
Commodity	Unmfg., Dark Air & Sun Cured		
Time period	Jan-Dec	Units:	MT
Imports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Turkey	2016	Turkey	1974
Brazil	1787	Brazil	1739
Argentina	1408	Paraguay	1612
Greece	1223	Argentina	1562
Paraguay	873	Colombia	714
Colombia	598	Greece	532
Philippines	463	Philippines	525
Bulgaria	372	Andorra	497
Italy	312	Cuba	449
Cuba	308	India	283
Total for Others	9360		9887
Others not Listed	747		1091
Grand Total	10107		10978

Export Trade Matrix			
Country	France		
Commodity	Tobacco, U nmfg., Flue Cured		
Time period	Jan-Dec	Units:	MT
Exports for:	1999		2000
U.S.	407	U.S.	460
Others		Others	
Germany	2797	Germany	3259
Netherlands	1816	Netherlands	1031
Poland	632	Poland	759
UK	625	Spain	711
Belgium	567	UK	679
Uruguay	297	Belgium	558
Egypt	257	Ivory Coast	196
Spain	238	Portugal	130
		Norway	108
Total for Others	7229		7431
Others not Listed	330		281
Grand Total	7966		8172

Import Trade Matrix			
Country	France		
Commodity	Tobacco, U nmfg., Flue Cured		
Time period	Jan-Dec	Units:	MT
Imports for:	1999		2000
U.S.	953	U.S.	1091
Others		Others	
Zimbabwe	1900	Brazil	2987
Brazil	1560	Zimbabwe	1746
Argentina	1351	Argentina	1673
Italy	767	Italy	546
Malawi	362	Malawi	509
Tanzania	304	Kenya	436
China	268	India	389
India	214	Tanzania	330
Greece	149	Zambia	193
Kenya	146	Germany	176
Total for Others	7021		8985
Others not Listed	793		744
Grand Total	8767		10820

Export Trade Matrix			
Country	France		
Commodity	Tobacco, Mfg., Cigarettes		
Time period	Jan-Dec	Units:	MT
Exports for:	1999		2000
U.S.	20	U.S.	21
Others		Others	
Germany	5043	Germany	5556
Belgium	1224	Belgium	751
Mauritania	858	Finland	712
Arab Emirates	830	Mauritania	677
Turkey	742	Austria	657
Russia	618	Italy	444
Moldovia	560	Spain	376
Austria	467	Luxemburg	369
Spain	447	Burkina	365
Italy	370	Slovenia	360
Total for Others	11159		10267
Others not Listed	4612		4072
Grand Total	15791		14360

Import Trade Matrix			
Country	France		
Commodity	Tobacco, Mfg., Cigarettes		
Time period	Jan-Dec	Units:	MT
Imports for:	1999		2000
U.S.	3	U.S.	2
Others		Others	
Netherlands	44858	Netherlands	38159
Germany	10604	Germany	9536
UK	4113	UK	2664
Belgium	1582	Belgium	1396
Spain	814	Spain	599
Total for Others	61971		52354
Others not Listed	357		533
Grand Total	62331		52889

### 3. Production Table

Product	Area (ha)			Production (MT)		
	1999	2000	2001	1999	2000	2001
Flue-Cured	3,788	3,755	3,750	9,900	9,769	9,770
Burley	2,910	2,982	2,950	7,525	7,780	7,740
Oriental	0	0	0	0	0	0
Dark Air/Sun Cured	2,756	2,517	2,400	8,444	7,473	7,150
Light Air- Cured	0	0	0	0	0	0
Dark Air-Cured, Cigar	0	0	0	0	0	0
Dark Fired -Cured	0	0	0	0	0	0
Total	9,454	9,254	9,100	25,869	25,022	24,660